trademark rights and foreign copyrights, as well as the right to exploit derivative works created under authority of the original grant. 17 U.S.C. § 304(c)(6)(A), (E).

Congress also created a separate termination provision applying to grants of rights under copyright executed "on or *after* January 1, 1978," which, like Section 304(c), gives an author or his family a chance to negotiate a better deal at a time when the true value of the copyrighted work can be assessed. 17 U.S.C. § 203 (emphasis added). Unlike Section 304(c), however, Section 203 permits termination only of grants "executed by the author." *Id.* Thus, any post-1978 grant in a work made by a person other than the author is not eligible for termination under either provision.

The 1983 Agreement: Under Section 304(c), Christopher Milne could have served notices of termination relating to grants of rights under copyright in every one of the Pooh Works as early as January 1, 1978 (*i.e.*, the effective date of the 1976 Act), with effective termination dates in the early 1980s. *See* App. 6a, 16a.

Faced with the possible statutory termination of the rights under copyright that Disney had received in the Pooh Works from A.A. Milne's estate and Slesinger, and to resolve certain disputes relating to Disney's accountings, *Disney* proposed that the parties enter into new agreements under which, among other things: the parties' disputes would be resolved; the agreements granting rights from A.A. Milne to Mr. Slesinger in the 1930s and from Slesinger to Disney in 1961 would be revoked by mutual agreement; the Trust beneficiaries would make a new grant of rights to Slesinger, who would in turn grant rights to Disney; and the royalty rates to be paid to Slesinger and the Trust beneficiaries would be renegotiated such that the Trust beneficiaries received twice the share of the royalties relative to Slesinger based on all categories of rights worldwide in the original Pooh Works, not just U.S. copyright rights. App. 6a.

In connection with the proposed agreement, Disney obtained a detailed opinion letter by the late copyright treatise author Professor Melville Nimmer (the "Nimmer Opinion") and provided the Nimmer Opinion to Slesinger, the Trustees, and the other concerned parties to encourage their participation.[4] **ER** 48-50, 397-99. The Nimmer Opinion concluded that this type of arrangement would be valid and result in a new grant of rights under copyright from the Trust beneficiaries to Slesinger and from Slesinger to Disney that "would not be subject to termination provisions of the Copyright Act," Sections 304(c) or 203. **ER** 48-50.

Christopher Milne accepted Disney's proposal. Thus, instead of serving notices of termination, and waiting two years before regranting the rights, *see* 17 U.S.C. § 304(c)(6)(D), he took advantage of the bargaining power conferred by the termination right in a different way: by entering into a new, more lucrative and immediately effective deal with Slesinger and Disney. This new arrangement applied not only to the rights under U.S. copyright that Christopher Milne could have terminated under Section 304(c); rather, it doubled the Trust beneficiaries' share of royalties relative to Slesinger's royalties with regard to *all rights* granted under the 1930s Agreement, including valuable trademark rights, worldwide merchandising rights, derivative work rights, foreign copyright rights, and purely contractual royalty entitlements, which Christopher Milne could not have terminated by statute.[5] 17 U.S.C. § 304(c)(6)(A), (E); *see* App. 6a-7a, 60a-62a.

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4. Petitioner cites no support for her claim that it was Slesinger, rather than Disney, who invited the Trustees to enter into the 1983 Agreement. Pet. 6-7. She did not make any such argument below and should not be permitted to advance it here, particularly where there is no evidence of this in the record and, in fact, it is not true. *See* App. 6a. Petitioner's failure to cite *any record evidence* for most of her fact statement shows a desire to hide the true, undisputed facts from this Court.

5. In fact, had Christopher Milne chosen to recapture solely terminable copyright rights, all these other rights would have endured notwithstanding, as would the be the case today even if Petitioner's Termination Notice were valid. 17 U.S.C. § 304(c)(6)(A), (E).

Although Petitioner did not herself sign the agreement, she was in effect a party to it by virtue of her status as a beneficiary of the Trust, whose Trustees executed the agreement on her behalf in accord with their fiduciary duty to her. App. 59a, 60a, 71a. Moreover, her interests were well looked after: not only did her father sign the agreement, but so did her Receiver at the time, Michael Brown, who also served as her father's lawyer and as the Trust's "Milne Trustee" and Chairman.[6] App. 71a; **ER** 361 ¶ 6, 365 ¶¶ 2-3. In any event, given that the decrease in Slesinger's royalties and the concomitant increase in royalties payable to the Trust beneficiaries under the 1983 Agreement already have amounted to hundreds of millions of dollars, Petitioner, an undisputed "prime beneficiary" of the Trust, has profited greatly.[7] App. 6a-7a.

***The New Termination Provision in the Copyright Term Extension Act of 1998* (the "CTEA"):** In 1998, Congress amended the Copyright Act to extend the renewal term of subsisting copyrights by another 20 years. In Section 304(d) of the CTEA, Congress included a new termination provision. 17 U.S.C. § 304(d)(1). As is true of Section 304(c), the Section 304(d) termination option is not unlimited or automatic. Of particular relevance here, Section 304(d) again provides a right of termination only with respect to subsisting grants "*executed before January 1, 1978.*" 17 U.S.C. § 304(d) (emphasis added). Since the only pre-1978 grant of U.S. copyright to Slesinger – *i.e.*, the grant embodied in the 1930s Agreement – already had been terminated (along with the rest of the 1930s Agreement) by the 1983 Agreement long before the CTEA was enacted, the CTEA never conferred any termination right on Petitioner with respect to any grant of rights to Slesinger.

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6. Because of Michael Brown's appointment as Receiver to Petitioner his actions required express approval by the United Kingdom Court of Protection. **ER** 361 ¶ 5.

7. Petitioner claims there is no evidence in the record that she was a trust beneficiary (Pet. 12 n.7), yet the Ninth Circuit clearly recognized her beneficiary status as an undisputed fact (*see, e.g.*, App. 6a-7a, 13a-14a, 17a and 19a), and Petitioner's counsel effectively has conceded this point by failing to deny such an interest at any time below or even in the Petition.

The Termination Notice and Commencement of this Action: After profiting for nearly two decades from the increased royalties under the 1983 Agreement, Petitioner sought below to pretend that the agreement never happened. At Disney's urging, Petitioner served a notice of termination (the "Termination Notice") on November 4, 2002, purporting to terminate under Section 304(d) the grant of rights under U.S. copyright to Slesinger in the *already revoked* 1930s Agreement. (She did not attempt to terminate the 1983 Agreement or A.A. Milne's bequest to the Trust.) The same day Petitioner served the Termination Notice, she entered into a contract with Disney purporting to assign to Disney whatever rights would revert to her on the putative effective date of the Termination Notice. Under their agreement, Disney also agreed to fund this litigation in its entirety for Petitioner. App. 7a n.5.

The day after she served the Termination Notice,[8] Petitioner, joined by Disney, commenced this action, seeking, *inter alia*, a declaration that the Termination Notice terminates the grant of rights to Slesinger in the 1930s Agreement and that, upon such termination, Disney's royalty obligations to Slesinger under the 1983 Agreement would end. **ER** 7, 116-24.

Discussion of Opinions Below

District Court: Upon cross-motions for summary judgment, the district court granted Slesinger's motion for judgment on the pleadings, holding that Petitioner's Termination Notice was not valid because the parties to the 1983 Agreement already had revoked the 1930s Agreement containing the grant that Petitioner's Termination Notice purported to terminate. The court further held that the only extant grant to Slesinger of rights in the Pooh Works was embodied in the 1983 Agreement, which is not subject to termination under Section 304(d) because that section provides a right of termination only with respect to grants of copyright "executed before January 1, 1978." App. 28a-29a.

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8. Petitioner's claim that she and Disney commenced this litigation upon Slesinger's objection to the Termination Notice (Pet. 8-9) is false. *See* App. 7a.

Court of Appeals: In a unanimous decision, a panel of the Ninth Circuit (Wallace, Silverman & Callahan, JJ.) affirmed. The court began its analysis by noting that Section 304(d) "provides a termination right to only those transfers or licenses 'executed *before* January 1, 1978[.]'" App. 10a. Since "the only pre-1978 grant of rights to Slesinger" – the grant in the 1930s Agreement – "was terminated by the beneficiaries of the Trust upon the execution of the 1983 agreement . . . , there was no pre-1978 grant of rights to Slesinger in existence when Congress enacted the CTEA in 1998." *Id.* And Petitioner could not terminate the grant to Slesinger in the 1983 Agreement "because it was not 'executed before January 1, 1978,' as the statute expressly requires." *Id.* (quoting 17 U.S.C. § 304(d)).

The court then addressed Petitioner's claim that the 1983 Agreement should nonetheless be regarded as a prohibited "agreement to the contrary" under Section 304(c)(5) of the Copyright Act, which states that "[t]ermination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant." The court found that neither the text of Section 304(c)(5) (App. 11a), the cases cited by Petitioner (App. 11a-13a), nor the relevant legislative history of the termination provisions (14a-17a) supported Petitioner's view that the 1983 Agreement is a prohibited "agreement to the contrary." Rather, the court found that the 1983 Agreement was of "the type expressly contemplated and endorsed by Congress" in the legislative history of the termination provisions. App. at 16a; *see id.* at 15a (citing H. Rep. at 127).

Next, the court of appeals rejected Petitioner's claim "that judicial recognition of the 1983 agreement 'would provide a blueprint by which publishers could effectively eliminate an author's termination right" (App. 16a (citation omitted); *see* Pet. 27) for two reasons: first, Petitioner failed to provide any evidence that Congress intended the termination provisions to prevent parties to a grant from mutually terminating the grant by contract and simultaneously making a new, more advantageous grant, and second, "the 1983

agreement resulted in an increased royalty stream to the author's heirs – the very result envisioned by Congress when it enacted the termination provisions." App. 17a.

Finally, the court of appeals rejected Petitioner's contention that the 1983 Agreement cannot be given effect because there was no "moment of freedom" between the time that the Trustees revoked the 1930s grant and entered into a new grant of rights to Slesinger. Petitioner had urged the court to find that Section 304(c)(6)(D) of the Copyright Act, which legislates the proper timing of a new grant when the old grant is terminated *by statutory notice*, also should legislate the proper timing of a new grant when the old grant is terminated *by contract*. This argument was based on Petitioner's contention that the timing mechanism of Section 304(c)(6)(D) is intended to protect authors and their heirs. The court of appeals was unpersuaded, noting that (i) the timing prescription of Section 304(c)(6), which prohibits the exerciser of a statutory termination right from agreeing to make a new grant to anyone other than the original grantee for at least two years after serving the termination notice, is intended to protect licensees – like Slesinger – not authors or their heirs, and (ii) there is no indication in Section 304(c)(6)(D), or anywhere else in the statute, that Congress intended such timing mechanism to apply to anything other than a statutory termination, which is not present here. App. 17a-19a.

Petitioner's requests for rehearing and for *en banc* review were denied without comment. App. 33a.

REASONS FOR DENYING THE PETITION

The Ninth Circuit's decision is correct. Section 304(d) expressly provides a limited right of termination only for existing pre-1978 copyright grants and there is no existing pre-1978 grant to Slesinger of rights in the Pooh Works for Petitioner to terminate. This fundamental and long-recognized principle was reflected in Professor Nimmer's 1982 opinion given to the parties to the 1983 Agreement. **ER** 48-50. The decision below also is supported by the applicable legislative

history, in which Congress specifically stated that the termination provisions were not intended to "prevent parties to a transfer or license from voluntarily agreeing at any time to terminate an existing grant and negotiating a new one. . . ." H. Rep. 127; S. Rep. at 111.

Moreover, the decision supports the policy behind the termination option by recognizing that termination by contract is an alternate way for authors' heirs to capitalize on the increased bargaining power conferred by the statutory termination provisions at a time when the value of a work can be fully assessed and that power can be freely exercised. The court of appeals upheld actions taken *by* the family and *for* the family, not by and for any third party. No repeat of *Fred Fisher* is involved.

There also is no meaningful conflict among the courts of appeal. Petitioner's attempt to fabricate a conflict by avoiding the record below and reinventing the facts, and by distorting the legal analysis of two Second Circuit decisions, only reinforces that the decision below is limited to its own particular facts and does not require review by this Court.

Finally, Petitioner's prognostication that the decision below will have a broad, negative effect on the termination option afforded to authors and their heirs is unfounded. The decision below turned on application of Section 304(d) to the unique facts of this case—including, in particular, the interrelation of the author's family and the author's testamentary trust—and therefore is not likely to affect persons other than the parties.

I. THERE IS NO NEED TO REHEAR THE WELL-REASONED DECISIONS OF THE DISTRICT COURT AND COURT OF APPEALS

1. Petitioner's claim of entitlement to a right of termination under Section 304(d) of the Copyright Act is unfounded. She concedes, as she must, that Section 304(d) permits termination only of copyright grants "executed before January 1, 1978."

Pet. 6 n.3, 25. But as the district court and the court of appeals each recognized, if there is no existing pre-1978 grant in a work, Section 304(d) does not apply, and no termination right is provided to Petitioner thereunder.

Here, the only pre-1978 grant of rights to Slesinger, and the only grant specified in Petitioner's Termination Notice (**ER** 120-21), was the grant in the 1930s Agreement. The undisputed facts establish, however, that the 1930s Agreement expressly was revoked by the beneficiaries of the Trust—who, by A.A. Milne's will, both owned the rights under copyright in the Pooh Works and were the successors to A.A. Milne's rights under the 1930s Agreement. **ER** 210 ¶ 1. Because there was no pre-1978 grant of rights to Slesinger in existence when Congress enacted Section 304(d) of the CTEA in 1998, that statute never gave Petitioner any right of termination with respect to any grant of rights to Slesinger. Accordingly, Petitioner's Termination Notice, which purports to exercise a right of termination under Section 304(d), is invalid and without legal effect.

2. Petitioner does not contest that in 1983 the Trust beneficiaries validly revoked the 1930s Agreement under state law. Rather, she argues that the state law of contracts should be ignored because if the 1983 contractual revocation of the 1930s Agreement is recognized, she will not receive an opportunity to terminate the 1930s Agreement *by statute* in disregard of Congressional policy, which Petitioner believes to *guarantee* the availability of a statutory termination right in all circumstances. Pet. 12-14.

As evidence of this supposed Congressional policy, Petitioner points to this Court's general description of the termination right as "inalienable" in *Stewart v. Abend*, 495 U.S. 207 (1990), and *New York Times Co. v. Tasini*, 533 U.S. 483 (2001). *See* Pet. 14. But these cases do not help Petitioner. Neither case required the Court to interpret the termination provisions, much less the circumstances under which a right of termination exists; in each case, the Court mentioned the

termination provisions in *dicta*, solely to provide background or for purposes of addressing other issues.[9]

Moreover, one cannot "alienate" something that never came into existence. The Court's general references to termination rights as "inalienable" only serve to describe the character of the right once it is found to be possessed.[10] But the statute clearly envisions scenarios under which there will be no termination right—such as where the grant sought to be terminated was made "by will," relates to a "work made for hire," or, as here, falls outside the statutory time period making it ineligible for termination. 17 U.S.C. § 304(d); *see also id.* §§ 203(a), 304(c). Since there was no extant pre-1978 grant to Slesinger at the time when Congress enacted Section 304(d), Petitioner never owned any right of termination thereunder. And because she never owned any termination right in the first place, she cannot claim such nonexistent right was "alienated" by operation of the 1983 Agreement in contravention of some principle of inalienability.

3. Petitioner attempts to overcome logic by claiming that the Ninth Circuit's decision allowed an agreement by the

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9. *See Tasini*, 533 U.S. at 489, 495 n.3 (addressing whether electronic databases containing articles from periodicals were "revisions" of collective works under 17 U.S.C. § 201(c); mentioning Section 203 termination provision in general discussion of Congress's intent in passing 1976 Copyright Act); *Stewart*, 495 U.S. at 211, 230 (addressing whether under 1909 Act, derivative work [motion picture] owner retains right to exploit such work when renewal copyrights in underlying literary work revert to deceased author's statutory successors; mentioning Section 203 termination provision to show "difficulties Congress faces" attempting to circumscribe copyright term).

10. The *dicta* cited by Petitioner refer to the not-surprising proposition, inapplicable here, that a *vested* termination right cannot be bought or sold or transferred. *Black's Law Dictionary* at 759 (6th ed. 1990) (defining "inalienable" to mean "[n]ot subject to alienation; the characteristic of those things which cannot be bought, sold or transferred from one person to another"); 17 U.S.C. § 101 (Def. of "transfer of copyright ownership" includes "alienation"). Here, there was no vested termination right, and no termination right of Petitioner was ever sold or transferred by her or anyone else.

Trust—which Petitioner repeatedly describes as a "third party" (Pet. 13, 15, 24), despite the fact that she was a Trust beneficiary and has profited greatly from its actions on her behalf—to "nullif[y] in advance" her termination right under Section 304(d). Pet. 15. According to Petitioner, this conflicts with the Congressional policy of ensuring that the termination provisions benefit the author's family. *Id.* This is a tortured argument if there ever was one, and it fails for several reasons.

First, to suggest that a trust is a stranger to its beneficiaries is preposterous. The notion that there is some kind of rift or conflict between the Milne family and the Trust is a complete work of fiction concocted for the first time in the Petition. The undisputed and indisputable facts prove that the Milne family and the Trust created by A.A. Milne are and always have been closely related, and that the Trust benefited the author's widow, his only child, and then his granddaughter, Petitioner, in succession. *See* n.3 at p. 4, *supra.* The undisputed facts also show that the author's son Christopher handpicked his own lawyer, Michael Brown, to serve as the "Milne Trustee" of the Trust; that Brown also served as Trust Chairman and as Petitioner's Receiver from shortly before the 1983 Agreement through 2002; that Brown was replaced as Petitioner's Receiver only because he retired; and that his replacement, Petitioner's current Receiver, is another lawyer at the firm that Brown co-founded—a firm that not only represented Christopher Milne in connection with the 1983 Agreement, but also represents the Trust in its dealings with Disney.[11] **ER** 90-91, 101, 361, 365 ¶¶ 2-3, 5. At all times, the Trustees owed a fiduciary duty to various members of the Milne family who participated in the Trust, including most recently, Petitioner. For Petitioner to suggest now that the Trust acted as Slesinger's "ally" in a conspiracy to "eliminate any termination rights belonging to

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11. The firm's web site lists "acting for the Pooh Trustees in the sale of the rights in the literary works of A.A. Milne to Disney" among its "high-profile matters." *http://www.bcmw.co.uk/index.cgi?template=aboutusmain.html&name=ourexperience.html* (May 17, 2006).

[A.A. Milne's] family" (Pet. 7, 15-16) is nothing short of ridiculous.[12]

Second, the Trust's actions were entirely consistent with Section 304(d) of the Copyright Act, which provides that grants of rights under copyright "by will" are *not* subject to termination. 17 U.S.C. § 304(d). The obvious reasons for this exclusion are that (i) the decision reflected in an author's will is not a transaction depending on his bargaining position and typically is made some time after he has gained an appreciation for the value of his work, and (ii) Congress recognized that authors should play a key role in providing for their families through their wills. Here, it is undisputed that A.A. Milne effected a valid bequest of his rights under copyright in the Pooh Works to the Trust by will. Pet. 18; **ER** 5 ¶ 15, 135 ¶ 12. This transfer of ownership of A.A. Milne's copyright rights to the Trust cannot be terminated.[13] 17 U.S.C. § 304(c). As the designated beneficiaries of copyright rights in the Pooh Works under A.A. Milne's will, the Trust unquestionably had the power to enter into contracts relating to such rights, including, *inter alia*, to revoke the 1930s Agreement mutually with Slesinger and to enter into a far more lucrative agreement for regranting the rights at issue. Any argument that they lacked such capacity here would make meaningless the statutory exemption for transfers "by will."

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12. There is no evidence that Petitioner ever complained to, or sought to take any action against, any of the Trustees for their actions relating to the 1983 Agreement. Indeed, Michael Brown – who at the time of the 1983 Agreement was Petitioner's Receiver and the Trust's Chairman and Milne Trustee – submitted a declaration on Petitioner's behalf in this litigation. **ER** 361, 365. In any event, this certainly would not be the proper forum or time for Petitioner to raise such a claim.

13. Petitioner tacitly acknowledged this fact by not serving notice of termination on the Trust. Although she claims to have "notif[ied] Slesinger, Disney *and the Trust* that she was terminating her grandfather's 1930 license to Slesinger," (Pet. 3 (emphasis added)), this is false, as the Termination Notice is addressed only to Slesinger and Disney. **ER** 120-21; *see* App. 7a.

Third, Petitioner's complaint about the actions of the Trust ignores the fact that her father, Christopher Milne, was a key participant in the 1983 Agreement.[14] This alone should destroy any suggestion by Petitioner that the 1983 Agreement is evidence of a supposed conspiracy between the Trust and Slesinger to eliminate her family's right (if it ever were to possess such a right) to terminate a grant of rights to Slesinger in derogation of any Congressional policy.

Finally, Petitioner's policy argument also fails because, as the courts below each held, the 1983 Agreement actually *furthered* the policy behind the termination provisions–*i.e.*, to improve the "bargaining position of authors" by giving them a second chance to negotiate more advantageous grants in their works after the works have been sufficiently "exploited" to determine their "value." H. Rep. at 124; S. Rep. at 108; Supp. Reg. Rep. at 72. These goals were accomplished by the 1983 Agreement. By 1983, Christopher Milne and the Trust were able to appreciate and assess the true market value of the renewal copyrights in the Pooh Works. Armed with this knowledge, Christopher Milne took advantage of the increased bargaining power that Congress conferred on authors and their heirs when it enacted Section 304(c). But instead of seeking to enrich himself by serving a notice of termination that would recapture the copyright to the Pooh Works under the statute, he chose to leverage this bargaining power to obtain a better deal for his father's testamentary trust, of which his daughter, Petitioner, was a direct beneficiary.

By virtue of Christopher Milne's decision, the Trust with Petitioner as a "prime beneficiary" has reaped hundreds of millions of dollars in increased royalties that it would not have

14. Petitioner's suggestion that Christopher Milne was something less than a party to the 1983 Agreement (Pet. 7-8, 18) was rightly rejected by the courts below and should be disregarded here. He is identified as a party to the agreement (*see* App. 59a, 1st Para.) and like the Trustees, Slesinger and Disney, he "executed" it. App. 70a.

received but for the 1983 Agreement. *See* App. 6a-7a.[15] As the court of appeals recognized, this is "the very result envisioned by Congress when it enacted the termination provisions." App. 17a.

4. Petitioner claims that "the Ninth Circuit's reasoning fails to give effect to Congress's directive that family termination rights must prevail over 'any agreement to the contrary,'" citing Section 304(c)(5) of the Copyright Act.[16] Pet. 17. But this is an incomplete, self-serving description of Section 304(c)(5).

What Section 304(c)(5) actually provides is that "[t]ermination of *the grant* may be effected notwithstanding any agreement to the contrary. . . ." 17 U.S.C. § 304(c)(5) (emphasis added). As the emphasized language indicates, there first must be an eligible, pre-1978 "grant" under Section 304(d) before the "agreement to the contrary" language of Section 304(c)(5) comes into play. Where, as here, there is no existing pre-1978 grant of rights, there is no right of termination under Section 304(d), and Section 304(c)(5) does not apply. Petitioner's argument, which puts the "agreement to the contrary" cart before the pre-1978 "grant" horse, makes no sense. Nothing in Sections 304(d) or 304(c)(5), or any other subsection of the termination provisions, requires courts to resurrect mutually revoked grants just so there will be a right of termination; rather, it is the other way around – there is no right of termination unless there is an existing eligible grant.[17]

Under Petitioner's view of Section 304(c)(5), if the conditions Congress prescribed for the existence of a

15. Petitioner's speculation that the Ninth Circuit's decision would permit a licensee and a third party "to preclude the family's exercise of any termination rights by agreeing to a minimal revision of the original license for consideration of a peppercorn" (Pet. 16-17) is completely divorced from the undisputed facts of this case.

16. Section 304(d) incorporates Section 304(c)(5) by express reference. *See* 17 U.S.C. § 304(d)(1).

17. Petitioner conceded as much in the Ninth Circuit, arguing that "*when a right to terminate a grant exists*, that right may be exercised notwithstanding any agreement to the contrary." Appellant's Reply Br. at 5-6, *Milne v. Stephen Slesinger, Inc.*, No. 04-57189 (9th Cir.) (emphasis added).

termination right under Section 304(d) do not come into being, there must a prohibited "agreement to the contrary" lurking in the shadows. But this interpretation of Section 304(c)(5) cannot be correct, for it would render a nullity the other conditions of Sections 304(c) and 304(d), including the conditions excluding from termination grants by will or in works made for hire and limiting the termination right to existing pre-1978 grants. *Cf. Flint Ridge Dev. Co. v. Scenic Rivers Ass'n of Oklahoma*, 426 U.S. 776, 791 (1976) (rejecting reading of Interstate Land Sales Full Disclosure Act that would render statutory condition "little more than a nullity").

Indeed, Petitioner admitted below that certain grants are "outside the termination framework. . . ." Appellant's Reply Br. at 6, *Milne v. Stephen Slesinger, Inc.*, No. 04-57189 (9th Cir.). She also conceded that there are legitimate agreements under state law that would be enforceable even if they resulted in an author's family member not possessing a termination right. In direct contradiction to the absolutist view she presses in the Petition, Petitioner admitted that a party's "true rescission of a [pre-1978] copyright grant" followed by a new post-1978 grant after a "'moment of freedom'" would be enforceable because it "'would fulfill the statutory purpose of giving the grantor at least one chance to revoke the grant,'" even if the author's family was left with no termination right.[18] Memorandum of Plaintiff Clare Milne in Opposition to Motion to Dismiss at 13, *Milne v. Stephen Slesinger, Inc.*, No. CV-02-08508 (C.D. Cal.) (citation omitted). For nearly 30 years the *Nimmer on Copyright* treatise has shared this view, App. 18a (citing 3 M. Nimmer, *Nimmer on Copyright* § 11.07 (6th ed. 1978)),[19] consistent with the Nimmer Opinion (**ER**50). And

18. Before the district court, Petitioner argued that the 1983 Agreement's simultaneous revocation and regrant of rights could not serve to revoke the 1930s Agreement *under state contract law* because there was no "moment of freedom" between the revocation of the prior grant and making of a new one. Memorandum of Plaintiff Clare Milne in Opposition to Motion to Dismiss at 13, *Milne v. Stephen Slesinger, Inc.*, No. CV-02-08508 (C.D. Cal.). But Petitioner waived this meritless state-law argument on appeal.

19. The Ninth Circuit's citation is to the comprehensive revision to the *Nimmer on Copyright* treatise as drafted by the late Melville Nimmer to (Cont'd)

there are countless other scenarios in which family members of authors of works will not possess a statutory right of termination as a result of agreements between authors or their descendants and third parties.[20]

Furthermore, although the phrase "agreement to the contrary" is not defined by the statute, the statute provides two narrow examples of agreements that would constitute an "agreement to the contrary": "an agreement to make a will"; and an agreement "to make any future grant." 17 U.S.C. § 304(c)(5). As the Ninth Circuit noted, the 1983 Agreement was a complete, prospective renegotiation of the parties' financial arrangement, in favor of the Trust and benefiting the author's granddaughter, Petitioner, and does not fall into or resemble either of the categories found in the statute. This supports a finding that the 1983 Agreement is *not* an

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(Cont'd)

discuss the 1976 Act (**ER** 104 ¶ 3), which is no longer available but is reproduced in the record at **ER** 111. The text of the treatise remained substantially the same for 27 years (**ER** 104 ¶ 3) until the current author of the treatise substantially revised the section on the termination provisions during briefing on this appeal before the Ninth Circuit. *See* 3 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 11.07 (Release No. 66, April 2005).

20. For example, if an author of a 1947 work died in 1975 before the renewal copyright term vested, and his son, who succeeded to ownership of the renewal term copyright, *see Stewart*, 495 U.S. at 221, assigned it to a publisher in 1979, the author's granddaughter never would have a statutory termination right even if the publisher released a blockbuster movie based on the work in 2005. *See* 17 U.S.C. § 203 (permitting termination only of grants "executed by the author"). Does this make the son's post-1978 assignment to the publisher an "agreement to the contrary" as "an advance waiver" (Pet. 19) of the granddaughter's putative Section 304(d) termination right? Of course not. Moreover, an independent contractor's post-1978 commissioned work can be "a work made for hire" only if there is a written agreement "that the work shall be considered a work made for hire." 17 U.S.C. § 101 (Def. of "work made for hire"). The effect of such an agreement is that the commissioning party, not the creator or the work, owns the copyright, 17 U.S.C. § 201(b), and there is no statutory termination right. *See* 17 U.S.C. § 203(a). But that does not make the work-for-hire agreement an "agreement to the contrary."

"agreement to the contrary." *See, e.g., Gustafson v. Alloyd Co.*, 513 U.S. 561, 575 (1995) (Court applies doctrine of *noscitur a sociis* – that a "word is known by the company it keeps" – to avoid "giving 'unintended breadth to the Acts of Congress'") (citation omitted); *Sutton v. Providence St. Joseph Med. Ctr.*, 192 F.3d 826, 834 (9th Cir. 1999) ("When a statute contains . . . specific items and a general item, we usually deem the general item to be of the same category or class as the more specifically enumerated items.").

As Petitioner conceded below, the legislative history of the termination provisions does not support Petitioner's interpretation of "agreement to the contrary," either. App. 15a-16a. Rather, it conclusively establishes that Congress did not intend to include agreements such as the 1983 Agreement within the meaning of "agreement to the contrary."[21] *Id.* Both the House and Senate Judiciary Committees in their final reports on the 1976 Copyright Act, using identical language, specifically stated that the termination provisions were *not* designed to "prevent parties to a transfer or license from voluntarily agreeing at any time to terminate an existing grant and negotiating a new one. . . ."[22] H. Rep. at 127; S. Rep. at

21. As Petitioner also conceded below (App. 14a.), reference to the legislative history is warranted because the statute does not define "agreement to the contrary" and the term is ambiguous. App. 11a, 14a; *accord Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 290 (2d Cir. 2002). Due to the unique 20-year drafting process that led to the 1976 Copyright Act, its legislative history has a special, judicially recognized status in interpreting the Act's meaning. *See, e.g., Cmty. For Creative Non-Violence v. Reid*, 490 U.S. 730, 743 (1989); *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 462 n.9 (1984) (Blackmun, J., dissenting).

22. Although this quote appears in the section of the legislative history regarding Section 203(a)(5), it applies with equal force to Section 304(c)(5), an identical provision. App. 15a n.9 (citing *Gustafson*, 513 U.S. at 570). As Professor Nimmer explained in his opinion letter to Disney, the legislative history of Sections 203 and 304(c) indicates that they should be read together. **ER** 49; *see* H. Rep. at 140 (Section 304(c) "closely parallels" Section 203); *cf.* Pet. 5 (the two termination provisions are "closely related"). Indeed, this Court has looked to Congress's statements in the legislative history regarding the "comparable" Section 203 to elucidate the purpose and meaning of Section 304(c). *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 173 n.39 (1985).

111. Moreover, both houses of Congress further stated that nothing in the termination provisions "is intended to change the existing state of the law of contracts concerning the circumstances in which an author may terminate a license, transfer or assignment." H. Rep. at 142; S. Rep. at 125. Accordingly, both houses of Congress anticipated that parties to a grant could choose, as an alternative to statutory termination, to revoke the prior grant *by contract* and replace it with a new grant.

This is precisely what Christopher Milne and the Trust beneficiaries did in 1983. Because the 1983 Agreement is of the type expressly considered and endorsed by Congress in its discussion of the termination provisions, it cannot possibly be considered a prohibited "agreement to the contrary" under Section 304(c)(5). *See* H. Rep. 127; S. Rep. at 111; *cf. Lodge 76, Int'l Ass'n of Machinists & Aerospace Workers, AFL-CIO v. Wis. Employment Relations Comm'n*, 427 U.S. 132, 156 (1976) (Powell, J., concurring) ("Except where Congress has specifically provided otherwise, the States generally should remain free to enforce, for example, their law . . . of contracts, and other laws reflecting neutral public policy.").

5. Petitioner's challenge to the result below boils down simply to her dissatisfaction with the conditions and limitations imposed by Congress. When Congress created the Section 304(d) termination right, it could have chosen to permit termination of any grant in pre-1978 works, *no matter when* the grant was made. Instead, it chose to limit the Section 304(d) termination right to grants "executed before January 1, 1978." Congress also could have extended the Section 203 termination right to permit termination of all post-1978 grants of rights in a work, *no matter who* made the grant. Instead, Congress limited termination under Section 203 to post-1978 grants made "by the author." Congress could have permitted authors' heirs to terminate *all transfers* of copyright, including transfers in the form of bequests. But Congress chose to insulate transfers "by-will" from termination. 17 U.S.C. §§ 203, 304(c), 304(d). Each of these conditions and limitations of the termination provisions resulted from years of intensive consideration by

Congress and are part of a carefully calibrated statutory scheme reflecting "a practical compromise" between the interests of authors or their descendants and the interests of grantees like Slesinger and testamentary heirs like the Trust beneficiaries. H. Rep. at 124; S. Rep at 108.

Clearly, Petitioner is unhappy with the version of the Copyright Act enacted by Congress. Perhaps her disagreements with the actions of the legislative branch give Petitioner grounds to lobby for change in the halls of Congress; but they do not provide a basis for this Court's judicial review of the Ninth Circuit's decision, which applied the law as it is written.

II. THE NINTH CIRCUIT'S DECISION DOES NOT CONFLICT WITH THE DECISION OF ANY OTHER COURT

Petitioner distorts the facts and legal reasoning of two Second Circuit decisions to try to persuade this Court that there is an inter-circuit conflict when in fact none exists. The actual decisions, rather than Petitioner's self-serving interpretation of them, show that no conflict exists among the courts of appeal that must be settled by this Court. Nothing in either of the cases cited by Petitioner gives any indication how the Second Circuit would rule if confronted with the same set of facts as those addressed by the Ninth Circuit below.

1. Petitioner's claim that the Ninth Circuit's decision below creates a conflict with the Second Circuit's decision in *Larry Spier, Inc. v. Bourne Co.*, 953 F.2d 774 (1992) ("*Spier*") (Pet. 19), borders on the frivolous. In *Spier*, a songwriter assigned to a music publisher "the renewal copyrights" (among other rights) to five popular songs in 1951 in exchange for payment of royalties. *Id.* at 775-77. In 1965, fourteen years later, when the songs were in their renewal terms of copyright protection, he executed a will in which he purported to bequeath to the beneficiaries of a testamentary trust (including his mistress) the same renewal terms of copyright to the five songs that he already had assigned to the publisher. *Id.* at 776.

The songwriter died in 1972. In 1981, his surviving spouse and children served a notice of termination on the publisher seeking to terminate the assignment of the renewal copyrights in the five songs to the publisher under Section 304(c) of the Copyright Act. The publisher objected to the notice, arguing principally that the renewal copyrights were transferred "by will" to the testamentary trust and thus were exempt from termination under Section 304(c). *Id.* at 776. The district court agreed with the publisher, holding that because the songwriter *intended* to bequeath the renewal copyrights to the testamentary trust, the prior assignment of the renewal copyrights to the publisher—which paid royalties to the testamentary trust—could not be terminated. *Id.* at 777.

The Second Circuit reversed. Its holding, and the limitations thereof, could not be clearer: "*We hold only* that, in view of the unqualified and unambiguous language of the assignment agreement, [the songwriter] did not have any 'right under' the renewal copyrights remaining at the time he executed the Will." *Id.* at 777 (emphasis added). In other words, because the songwriter already had divested himself of any *copyright* interest in the works—by assigning them to the publisher in 1951—he had no rights under copyright to bequeath to the testamentary trust upon his death in 1972.[23] Therefore, the grant of rights under copyright in his will was completely illusory and the prior assignment of rights to the publisher was subject to termination. *Id.* at 777-78.

The Second Circuit's decision in *Spier* is easily reconciled with the Ninth Circuit's decision below. Unlike the testamentary trust in *Spier*, which received nothing "by will" under Section 304(c) because the author had divested himself of all copyrights in the work before his death, the Trust beneficiaries here were the undisputed recipients of A.A.

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23. The only right received by the testamentary trust under the songwriter's will was an entitlement to royalties from the publisher. As the Second Circuit noted, however, the right to receive royalties is not a right under copyright. *Spier*, 953 F.3d at 778 (songwriter's "right to receive part of the royalties does not negate the fact that he retained no interest in the renewal copyrights themselves").

Milne's valid and effective bequest of the renewal copyrights to the Pooh Works. App. 5a. Thus, "[t]he Trust . . .owned the copyrights."[24] Pet. 18. The bequest to the Trust, which is not subject to statutory termination under the termination provisions, gave the Trust beneficiaries the power to revoke A.A. Milne's prior license of rights to Slesinger and the right to make a new grant to Slesinger (or anyone else) in its place. *See* p. 16, *supra*. Thus, the expressly limited holding of *Spier* – that an author cannot bequeath rights that he already has assigned away – clearly has no application to this case.[25]

The Second Circuit in *Spier* went on to explain to the district court (in *dicta*) that the author's subjective intent to bequeath copyright rights could not override the termination right in Section 304(c) if the author did not own any copyright to bequeath upon his death. But nothing in *Spier* suggests that a *valid* bequest of copyright rights by an author who dies *possessed of the copyright* (like A.A. Milne here) would not be effective or would be subject to termination. To the contrary, in a passage of its opinion that Petitioner avoids, the Second Circuit expressly acknowledged that the Section 304(c) termination right must yield to a valid bequest of an author in his will where, as here in the case of A.A. Milne's bequest to the Trust beneficiaries, "the grant of copyright renewals was

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24. Petitioner's claim that "the Trust in this case is similarly situated to the testamentary trust and the mistress in *Spier*" (Pet. 21) is thus plainly wrong.

25. The decision in *Spier* is so far afield that Petitioner asks this Court to find a conflict based on an imagined "simple variant" of the facts in that case. Pet. 21. Under Petitioner's made-up facts, "the testamentary trust to which [the songwriter] bequeathed his copyrights agreed to 'revoke' [his] assignment of his copyrights to his publisher and to 'regrant' the same rights again to the publisher." *Id.* Petitioner restates this same fact pattern later in the Petition. Pet. 25 n.16. But there is no conflict even on Petitioner's hypothetical sets of facts: because the authors already had *assigned* the renewal copyright in their works to others before their bequests, the will beneficiaries never would have received any copyright rights from the outset. As takers of nothing from the will, the beneficiaries would not have any right to "revoke" the previously effectuated "assignment" or otherwise deal in the copyrights.

made *by will in the first instance*" – *i.e.*, effectuated before such rights were *assigned* to another party. *Spier*, 953 F.2d at 778 (emphasis added).

2. Remarkably, the Second Circuit's decision in *Marvel Characters, Inc. v. Simon*, 310 F.3d 280 (2d Cir. 2002) – the other case Petitioner claims is in conflict with the Ninth Circuit's decision below – is even less apposite than *Spier*.

In *Marvel*, the alleged creator of the *Captain America* comic book series sought to terminate early-1940s assignments of copyright in the series to a publisher. *Id.* at 282, 284-85. The publisher's successor, however, alleged that in 1969, many years after the work's creation, the parties had contractually agreed to change the nature of the copyrighted work by stipulating that the work was a "work made for hire." *Id.* at 283-85. The effect of this after-the-fact label would have transformed the publisher/employer into the legal "author" of the work instead of the actual creator and foreclosed the creator's right to terminate the assignments in the work. *Id.*; *see* 17 U.S.C. § 304(c) (exempting "works made for hire" from termination).

The Second Circuit held, however, that the publisher could not rely on the work made for hire agreement because, under the 1909 Act, the determination whether a work is "for hire" must be based on the parties' "actual relationship" at the time of authorship, not on their contractual stipulations years later. *Marvel*, 310 F.3d at 291; *Donaldson Publ'g Co. v. Bregman, Vocco & Conn, Inc.*, 375 F.2d 639, 640-42 (2d Cir. 1967). Thus, in *Marvel*, the Second Circuit held that works not satisfying the relationship-based "for hire" test must remain as they are *ab initio*, notwithstanding any post-facto agreements that label them otherwise, and remanded the case for trial on the issue of whether the work was one made for hire, notwithstanding the stipulation to the contrary, made 19 years after the fact. *Marvel*, 310 F.3d at 291-92.

The Second Circuit went on to say (in *dicta*) that if the parties agreed that the work was made for hire when in fact it

was not, their agreement would qualify as "an agreement to the contrary" prohibited under Section 304(c)(5). But the court *did not hold* that the alleged grant from the author to the publisher was subject to termination. Rather, the court merely held that a trial was necessary to determine whether the work qualified as one made for hire, recognizing that if the 1909 work for hire test was met, the author's grant to the publisher would not be subject to termination under Section 304(c). *Marvel*, 310 F.3d at 292.

The unusual facts of *Marvel* have no relevance here. This case does not involve the "work made for hire" exception of Section 304(c) or even an after-the-fact attempt to recharacterize the prior ownership status of a work. Instead, it involves contractual provisions that operated *prospectively*: the revocation of an existing grant and the making of a new one on far more advantageous terms for the Trust beneficiaries, including Petitioner. App. 13a ("[I]t is important to note that the parties describe their 1983 agreement as a 'new agreement *for the future* which the parties believe would not be subject to any right of termination under 17 U.S.C. Secs. 203 or 304(c).'") (quoting 1983 Agreement). Moreover, as discussed above, the parties to the 1983 Agreement used a mechanism of contractual termination under state law that Congress expressly endorsed as an alternative to statutory termination. H. Rep. at 127; S. Rep. at 111. And unlike *Marvel*, in which there was a disputed issue of material fact as to whether the work in question was a work made for hire, there is no dispute in this case that the 1930s grant was revoked by contract.

Petitioner appears to believe that there is a conflict simply because the Second Circuit found one type of agreement may constitute a prohibited agreement to the contrary, while the Ninth Circuit found that an entirely different type of agreement is not an agreement to the contrary. In fact, there is no conflict that requires the attention of this Court.

III. THE NINTH CIRCUIT'S DECISION TURNED ON THE UNIQUE FACTS OF THIS CASE AND THUS WILL NOT HAVE THE BROAD IMPLICATIONS IMAGINED BY PETITIONER

Petitioner's prediction that dire consequences will result from the Ninth Circuit's decision (Pet. 24-28) is unfounded.

1. For example, Petitioner claims that the decision below threatens to "resuscitate" this Court's decision in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943), and is "even worse than that decision" because it will permit "third parties" unrelated to the author's family to "contract away" the family's termination rights. Pet. 13, 27. Analysis of *Fred Fisher* as well as the facts of this case shows that this is not a valid concern.

The 1909 Copyright Act granted to authors an initial period of twenty-eight years of copyright protection, plus an additional twenty-eight years of protection if the copyright was renewed. In *Fred Fisher*, this Court held that the renewal term of copyright was assignable by an author during the initial copyright term, before the renewal right vested. 318 U.S. at 656-59. The ruling encouraged publishers to demand that authors assign to them both the initial and renewal copyrights in a work upon creation, which resulted in potentially permanent grants of copyright grants by authors made when the value of the work was not fully known and when the authors lacked bargaining power. *Fred Fisher* had nothing to do with testamentary dispositions.

To the extent that Congress sought, through enacting the termination provisions, to eliminate the vices of the renewal scheme of the 1909 Act that *Fred Fisher* enabled and "substitute for them a provision safeguarding authors against unremunerative transfers" made at the outset of their creations, H. Rep. at 124; S. Rep. 108, no such vices are implicated by the decision below. In this case, the 1983 Agreement did not require an author to contract away to a publisher his copyright rights upon creation of the work. Moreover, the decision to

revoke the prior grant was not made unilaterally by a third party unrelated to the author's family; it was made jointly by the author's son and the author's testamentary trust, which included Petitioner as its beneficiary. Moreover, the parties' 1983 Agreement came about *after* the author's son was empowered to exercise the right of termination and *after* he was able to assess the works' value due to more than five decades of exploitation. That is precisely why he was able to convince Slesinger to accept decreased royalties and to obtain an increased royalties stream for the beneficiaries of the family trust, including Petitioner. Thus, the opposite of what resulted from *Fred Fisher* occurred here: the author's family was able to revoke and greatly improve upon the terms of grant made by the author early in the life of the work. And they, including Petitioner, have benefited from the new arrangement ever since.

2. Petitioner claims that the decision below "undermines Congress's elaborately wrought framework for the exercise of the termination right" because it permits deviation from the timing mechanism set forth in Section 304(c)(6)(D), which Petitioner speculates is intended to ensure "the goal that the family members of authors will not find themselves prematurely deprived of their termination rights." Pet. 27. However, Section 304(c)(6)(D) sets forth the proper timing mechanism for new grants and agreements to make new grants only where the option to seek *statutory termination* under Section 304(c)(5) or Section 304(d) has been exercised. There is no suggestion *anywhere* that Congress intended this timing mechanism to apply where, as here, without the need of a notice of termination, parties revoke old grants and replace them with new grants under state contract law. App 18a. Moreover, the timing sequence provided for statutory termination in Section 304(c)(6)(D) is intended to benefit *original grantees*, not authors or their families. *Id.* (citing H. Rep. at 127). Thus, as the Ninth Circuit held, Petitioner's argument disregards the purpose of this provision and is untenable. *Id.*; *see also* p. 11, *supra*.

3. Finally, Petitioner appears to be concerned that other courts will apply the Ninth Circuit's decision haphazardly

where the unique facts of this case are not present. Pet. 24-26. But this Court should not grant the Petition based on Petitioner's guesswork as to how other courts may react to the different factual scenarios presented to them. Moreover, the only case cited by Petitioner to support this fear is the obscure, unpublished district court decision in *Classic Media, Inc. v. Mewborn*, CV 05-452 (C.D. Cal. Feb. 10, 2006). Pet. 26. That case not only presents a completely different fact pattern, but also provides a perfect example why this Court's review of the Ninth Circuit's decision is not warranted at this time, for Ms. Mewborn's *appeal* is now pending before the Ninth Circuit. *Classic Media, Inc. v. Mewborn*, Ct. of Appeals Dkt. No. 06-55385 (9th Cir.). Thus, contrary to Petitioner's claim that the *Mewborn* decision shows that a "parade of horrors" has begun to march, the decision shows only that the Ninth Circuit will have the opportunity to define the contours and application of its decision in this case and correct any error made by the district court interpreting it.

CONCLUSION

For the foregoing reasons, the Petition should be denied.

Respectfully submitted,

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IN THE

Supreme Court of the United States

CLARE MILNE, BY AND THROUGH
MICHAEL JOSEPH COYNE, HER RECEIVER,
Petitioner,

v.

STEPHEN SLESINGER, INC.,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

SUPPLEMENTAL BRIEF FOR THE PETITIONER

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SUPPLEMENTAL BRIEF FOR THE PETITIONER

This brief is submitted pursuant to this Court's Rule 15.8, to bring to the Court's attention a new decision of the United States District Court for the Southern District of New York, and to respond to certain statements in respondent's supplemental brief.

A. The Recent Decision In *Steinbeck* Reinforces The Need For This Court's Review Of The Ninth Circuit's Decision

On June 8, 2006, after the reply brief was filed in this case, Judge Owen of the Southern District of New York issued a decision in *Steinbeck* v. *McIntosh & Otis, Inc.*, Nos. 04-CV-5490 & -6795 (RO), 2006 WL 1586547 (App., *infra*, 1a-14a). That decision—in reliance on the decision of the Second Circuit in *Larry Spier, Inc.* v. *Bourne Co.*, 953 F.2d 774 (2d Cir. 1992), and in conflict with the decision of the Ninth Circuit in this case—sustained the right of John Steinbeck's son and granddaughter under Section 304 of the Copyright Act, 17 U.S.C. § 304, to terminate grants from Steinbeck covering his most famous and important works. The district court in *Steinbeck* rejected contentions, very similar to those made in this case, that Steinbeck's statutory successors under 17 U.S.C. § 304(c)(2) had no termination rights to exercise because pre-1978 grants made by Steinbeck had been superseded by post-1978 agreements. The court also concluded that, even if those post-1978 agreements were intended to preclude the exercise of termination rights by Steinbeck's statutory successors, they were invalid as prohibited "agreement[s] to the contrary" under Section 304.

1. As pertinent here, the *Steinbeck* case involved an attempt by Steinbeck's son Thom and granddaughter Blake to recapture the copyrights in two sets of Steinbeck's works. In 1938, Steinbeck granted publication rights in several of his works, including *Of Mice and Men* and *The Grapes of Wrath*, to the predecessor Penguin Group (USA). App. 7a.

Separately, in the 1940's, Steinbeck made a grant of motion picture, radio, and limited publication rights in collections of his short stories, including *The Long Valley* and *The Red Pony*, to the predecessor of Paramount Pictures Corporation. *Id.*

In 2004, Steinbeck's statutory successors (his son and granddaughter) served notices on Penguin and Paramount, pursuant to Section 304, terminating Steinbeck's grants in those works. App. 7a. Penguin and Paramount each contended that the efforts of Steinbeck's descendants to terminate those grants were ineffective because of subsequent agreements that allegedly had the effect of precluding them from exercising their termination rights. The district court rejected those contentions.

In the Penguin case, the publisher argued that a 1994 agreement between Penguin and Steinbeck's widow, Elaine,[1] "cancel[led] and super[seded] the previous [1938] agreements ..., which effectively transform[ed] Steinbeck's pre-1978 grant into a 'new' grant of copyright, executed *on or after January 1, 1978*, and as such, is not subject to termination under Section 304." App. 9a (bracketing altered). This argument closely parallels the argument, made by respondent in this case and adopted by the Ninth Circuit, that the 1983 Agreement among respondent, Disney, and the Pooh Properties Trust canceled and superseded the 1930 Grant in the Pooh Works made by A.A. Milne to Stephen Slesinger, and thus left Milne's descendants with no pre-1978 grant or license to terminate pursuant to Section 304. Indeed, the 1994 agreement between Elaine Steinbeck and

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[1] Elaine, Steinbeck's third wife and surviving spouse, was not the mother of Thom or grandmother of Blake. App. 6a. Moreover, at Elaine's death, her asserted interests in Steinbeck's works passed to her own children, who were not descended from Steinbeck. App. 7a. Thus, the *Steinbeck* case presented a conflict between Steinbeck's descendants, who are vested by statute with the termination right, and individuals unrelated to Steinbeck, who had no interest in vindicating the family's termination rights.

Penguin, like the 1983 Agreement at issue in this case, effectively regranted much the same rights to the publisher, but for additional consideration. App. 8a.

In *Steinbeck*, however, the district court saw through this artifice, and concluded that Steinbeck's descendants retained the right to recapture the copyrights in Steinbeck's works pursuant to Section 304. As the court explained, "[t]o the extent the 1994 Agreement would strip Thom and Blake ... of their inalienable termination rights in the pre-1978 grants, it is void as an 'agreement to the contrary' pursuant to 17 U.S.C. § 304(c)(5)." App. 10a. The court further observed that "[a]ny interpretation of the 1994 Agreement having the effect of disinheriting the statutory heirs to the termination interest—Thom and Blake—in favor of Elaine's heirs must be set aside as contrary to the very purpose of the termination statute[.]" *Id.*

In the Paramount case, the movie studio argued that the termination rights of the Steinbeck descendants were precluded by a 1983 settlement agreement among Elaine, Thom, and Blake's father, John Steinbeck IV, that resolved a dispute among Steinbeck family members over royalties from Steinbeck's late works. "Disturbingly, the settlement agreement also purported to grant Elaine the exclusive right to exercise Thom and John IV's termination rights over the Steinbeck works." App. 13a. Although the district court ultimately concluded that the studio had abandoned that argument (App. 14a), it expressed no doubt that the 1983 settlement could not have validly precluded Steinbeck's descendants from exercising their termination rights: "Any portion of the settlement agreement which limits or extinguishes Thom's or Blake's statutory termination rights is invalidated as a statutorily-prohibited 'agreement to the contrary.'" *Id.*

2. The *Steinbeck* decision persuasively shows that Congress went to considerable lengths to make the termination rights of author's descendants "inalienable"—whether the supposed alienation is ratified by the author, the author's legatee by will (as in the Penguin case), or even by the au-

thor's statutory successors themselves (as in the Paramount case). This protection was deemed necessary to ensure that "a creator and/or his or her family [may] terminate—and recapture—rights previously granted others, allowing creators or their heirs appropriate reward for the artistic gifts to our culture." App. 2a.

As the *Steinbeck* court explained, "to protect this right and prevent creators or statutory heirs from contracting away, for whatever reason, this absolute right to 'recapture' for the years of extended protection any pre-1978 copyright grant, the statute declares void any contract the effect of which is in contravention of or which negates either of these termination rights." App. 5a (citing, *inter alia*, *Spier*, 953 F.2d at 778). As the court also noted, "[t]he inalienability of the Section 304(c) right has been recognized by the Supreme Court, the Second Circuit, and [the Southern District of New York] on myriad occasions." App. 2a (quoting, *inter alia*, *Stewart* v. *Abend*, 495 U.S. 207, 230 (1990), and *Spier*, 953 F.2d at 779-780). Thus, as the *Steinbeck* court correctly understood, (a) this termination right cannot be circumvented through devices such as a rescission-and-regrant-for-consideration (as was attempted both in this case and in *Steinbeck)* and (b) it is irrelevant whether an author's statutory successor might have received a benefit from an agreement intended to preclude the exercise of that termination right, for even the author's heirs cannot contract away their right to exercise their "absolute" termination rights under Section 304.

The *Steinbeck* decision also points out the recurring nature and importance of the questions presented in this case. The facts of *Steinbeck* (especially the Penguin case) and the issues presented by those facts are strikingly similar to this case. In each instance, it was argued that statutory termination rights had been nullified by a post-1978 grant that purportedly superseded a pre-1978 grant. In this case, the Ninth Circuit ruled that a rescission-and-regrant was effective to preclude the exercise of termination rights; in *Steinbeck*, the court ruled that such a device was not effective.

Equally important, the district court's decision in *Steinbeck* shows that the Ninth and Second Circuits are in conflict on that issue. At several points, the district court in *Steinbeck* relied on the Second Circuit's ruling in *Spier* to reach its conclusion that Steinbeck's statutory successors retained their termination rights. App. 2a, 5a. Thus, although respondent has argued that *Spier* only addressed a much narrower issue, the *Steinbeck* decision shows that district courts in the Second Circuit read *Spier* more broadly, as establishing the inalienable nature of statutory termination rights, notwithstanding "any contract the effect of which is in contravention of or which negates ... these termination rights." App. 5a. Thus, the *Steinbeck* decision reinforces that this Court's review of the Ninth Circuit's decision is warranted.

B. Respondent's Supplemental Brief Stresses A Distinction Without A Difference

Respondent has filed a supplemental brief in the guise of pointing out a supposed "misstatement" in petitioner's reply brief regarding A.A. Milne's 1930 Grant to Stephen Slesinger. That grant, according to respondent, "was *a license, not an assignment*." Resp. Supp. Br. 1. Respondent believes that this point serves to distinguish this case from the *Spier* case, in which the songwriter assigned his renewal copyrights to the publisher. *Id.*

The distinction that respondent stresses is without significance for this case. In 1930, Milne granted Slesinger the "*exclusive* right" to exploit the four Pooh Works in certain channels in the United States. C.A. E.R. 180 (emphasis added). Regardless of how copyright law in 1930 might have treated that instrument, the currently governing Copyright Act expressly equates assignments and exclusive licenses for present purposes. The Act in fact defines the term "transfer of copyright ownership" as

> an *assignment*, mortgage, *exclusive license*, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights com-

> prised in a copyright, whether or not it is limited in time or place of effect[.]

17 U.S.C. § 101 (emphasis added). Given that termination under Section 304 applies equally to any transfer (whether denominated assignment, license, or otherwise), the only purpose that respondent's supplemental brief serves is to highlight a distinction without a difference. *See* 3 *Nimmer on Copyright* § 10.02[A] (2006) ("An exclusive license, even if it is 'limited in time or place of effect,' is equated with an assignment[.]"); Ira V. Heffan, *Copyleft: Licensing Collaborative Works in the Digital Age*, 49 Stan. L. Rev. 1487, 1497 (1997) (1976 Copyright Act "makes little if any distinction between assignments and exclusive licenses").

Moreover, and contrary to respondent's implication (Resp. Supp. Br. 2), petitioner's reply brief did not suggest that the Pooh Properties Trust did not obtain any copyright interest by A.A. Milne's will. Rather, as the reply brief makes clear, this case and *Spier* are very similar in that, in each case, the author granted away certain rights, which the author's statutory successors attempted to recapture, notwithstanding the author's clearly expressed preference by will that someone other than those statutory successors should benefit from the copyright royalties. In *Spier*, the Second Circuit ruled that the statutory successors were entitled to exercise their termination rights under Section 304 in that circumstance. In the decision below, the Ninth Circuit ruled that the author's statutory successor had been deprived of her ability to exercise her termination rights. That direct conflict makes this case appropriate for this Court's review.

Respectfully submitted.

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